

**OPENING STATEMENT OF
RANKING MEMBER PAUL E. KANJORSKI
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,
AND GOVERNMENT SPONSORED ENTERPRISES
HEARING ON MARKET DATA
WEDNESDAY, MARCH 14, 2001**

Mr. Chairman, thank you for the opportunity to comment on market information issues before we hear from our witnesses today. The securities industry presently faces few issues as important or as complex as those surrounding the ownership and distribution of market data.

In short, the wide distribution of market information remains a fundamental component of our nation's securities markets. A regulatory framework that promotes the transparency of market data -- especially the real-time, public dissemination of trade and quote information -- helps to make certain that all market participants have access to prices across our national market system. This access, in turn, helps to provide for efficient price discovery and the best execution of customer orders.

Congress first addressed the issue of market information when it enacted the Securities Acts Amendments of 1975. This statute, among other things, charged the Securities and Exchange Commission with establishing a consolidated, real-time stream of market information for securities in order to make transaction and quotation information widely available. As a result of this law, millions of investors worldwide now have easy access to market data.

But the world has changed substantially since Congress enacted the legislation governing market information, and we may therefore now need to refine our approach on such matters. For example, we passed the law and the Securities and Exchange Commission developed the regulations governing market data before the advent of technological and communications advances like the Internet, electronic communications networks, and alternative trading systems. This new technology has greatly expanded the opportunities for retail investors and interested individuals to obtain access to real-time market information.

Additionally, critics of the current system for distributing consolidated market data have raised a number of questions about the present system in recent years. For example, some contend that although market data fees for retail investors have fallen by 50 to 80 percent since 1998, they remain unusually high because no competition exists in the field of market data collection and distribution. To address this problem, some argue that we should allow competing entities to provide consolidated information and/or permit the exchanges to provide their own data outside the consolidator. By providing investors with more complete market information, we would promote the goal of greater transparency and thereby improve competition.

Although the Securities and Exchange Commission has recently begun to examine these difficult issues and other related and complicated questions through its concept release and advisory committee on market information, it is appropriate for us to begin to educate the Members of our Subcommittee about these complex subjects. Accordingly, we will hear today from a variety of witnesses about their views on market data. I want each of the witnesses to know that I approach the issue of market information with an open mind.

For me, one can distill the complex debates surrounding market data into three key questions. First, who owns market information? Second, how much should we charge for market data? And third, how should we distribute market information? The answers of our panelists to these questions will help me to discern how we can maintain the efficiency, effectiveness, and competitiveness of our nation's capital markets into the future and what further legislative action, if any, we should take to address the issue of market data.

In closing, Mr. Chairman, today's hearing is just the beginning of a discussion in the 107th Congress about market information. I anticipate that we will hold additional hearings on this issue in the upcoming months, especially after the Securities and Exchange Commission's advisory committee on market data publishes its report in September. I therefore look forward to working closely with you and with others as we address these multifaceted, complicated, and important matters.